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TOHAK 27

OCTOBER 25, 1974

MEMORANDUM FOR SECRETARY KISSINGER
FROM: THE SITUATION ROOM
SUBJECT: EVENING NOTES

U.S. TESTS ICBM FROM C5A: THE PENTAGON ANNOUNCED TODAY THAT THE U.S. AIR FORCE YESTERDAY SUCCESSFULLY LAUNCHED A MINUTEMAN I ICBM FROM AN AIRCRAFT FOR THE FIRST TIME. THE PENTAGON SAID THE MISSILE WAS ROLLED OUT THE BACK DOOR OF A BIG C5A JET CARGO PLANE IN FLIGHT. IT WAS THEN SUCCESSFULLY IGNITED AND SENT INTO FLIGHT FOR 10 SECONDS. THE LATE EDITION OF THE STAR HEADLINES THE TEST "ICBM LAUNCHED FROM AIRCRAFT". AN AIR FORCE SPOKESMAN SAID THE 86,000-POUND ROCKET WAS THE LARGEST WEIGHT EVER DROPPED FROM AN AIRCRAFT. HE SAID THE MISSILE WAS PULLED OUT THE BACK DOOR OF THE C5A BY PARACHUTES AT 20,000 FEET OVER THE WESTERN TEST RANGE AT VANDENBERG AIR FORCE BASE, CALIFORNIA. THE ROCKET THEN FELL WITH THE PARACHUTE TURNING IT UPRIGHT. ON THE WAY DOWN THE MISSILE IGNITED AND AT 8,000 FEET BUILT UP ENOUGH THRUST TO STOP FALLING AND BEGIN FLYING UPWARD. THE 10 SECONDS OF FUEL CARRIED THE MISSILE TO 20,000 FEET BEFORE IT FELL BACK INTO THE OCEAN.

ITALIAN GOVERNMENT CUSIS: REUTER REPORTS IT WAS OFFICIALLY ANNOUNCED IN ROME THAT ITALIAN PRIME MINISTER DESIGNATE FANFANI TODAY GAVE UP HIS ATTEMPTS TO FORM A NEW GOVERNMENT.

EC STAND ON OIL SHARING COULD DISTURB IEP PLANS: INITIAL PRESS ACCOUNTS OF A BRUSSELS PRESS CONFERENCE TODAY BY EC ENERGY COMMISSIONER SIMONET REPORT THE COMMISSION'S JUDGMENT THAT, ALTHOUGH THERE WOULD BE NOTHING ILLEGAL ABOUT EIGHT OF THE NINE EC MEMBERS JOINING THE U.S.-BACKED INTERNATIONAL ENERGY AGENCY WITHIN THE OECD, OIL SHARING -- A KEY ELEMENT OF THE PROJECTED ACTIVITY OF THE CONSUMER GROUP -- COULD NOT TAKE PLACE AMONG THE EIGHT IF FRANCE WERE LEFT OUT. THE COMMISSIONHCS NOT OPPOSED TO THE OIL-SHARING PLAN OF THE PROJECTED AGENCY, BUT FEELS BOUND BY EC RULES ON FREE MOVEMENT OF GOODS WITHIN THE COMMUNITY TO POINT OUT THAT THE EC MEM-

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BERS JOINING THE CONSUMER GROUP COULD NOT WITHHOLD OIL FROM FRANCE EVEN IF THE FRENCH DO NOT PARTICIPATE IN THE OECD AGENCY. THE COMMISSION OPINION IS ALSO INTENDED, HOWEVER, TO BOLSTER ITS PLEAS FOR AN EC COMMON ENERGY POLICY. A NEW PROPOSAL WILL BE MADE BEFORE THE END OF THE YEAR. IF THE COMMUNITY WORKED OUT ITS OWN OIL-SHARING PLAN, THIS COULD PRESUMABLY BE FITTED INTO THE INTERNATIONAL PROGRAM WHETHER OR NOT FRANCE JOINED THE LATTER INDIVIDUALLY.

OPEC: THE COMMISSION OF THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES, MEETING IN VIENNA, HAS COMPLETED RECOMMENDATIONS FOR A NEW PRICING SYSTEM DESIGNED TO PROVIDE A SINGLE MARKET PRICE FOR OIL. THE PLAN CALLS FOR THE ELIMINATION OF THE PRESENT COMPLEX SYSTEM OF POSTED PRICES, ROYALTIES, TAXES, AND BUYBACK PRICES, ACCORDING TO PRESS SOURCES. DETAILS OF THE PLAN HAVE NOT BEEN RELEASED AS YET. THESE PROPOSALS ARE UNLIKELY TO BE IMPLEMENTED BEFORE NEXT YEAR. THEY MUST BE PRESENTED FOR APPROVAL TO THE OPEC OIL MINISTERS WHO ARE SCHEDULED TO MEET IN VIENNA ON DECEMBER 12. THE MINISTERS MAY DETERMINE A NEW PRICE LEVEL FOR CRUDE OIL AT THAT TIME. OPEC COMMISSION RECOMMENDATIONS ARE NOT ALWAYS ACCEPTED BY THE OIL MINISTERS.

INTERNATIONAL OIL DEVELOPMENTS: CANADA CONTINUES TO EMPHASIZE ITS GOAL OF ENERGY SELF-SUFFICIENCY AT THE EXPENSE OF U.S. CUSTOMERS. ENERGY MINISTER MACDONALD ANNOUNCED THAT CANADA WILL OFFER ITS OIL TO THE UNITED STATES AT WHAT IT CONSIDERS A "FAIR INTERNATIONAL PRICE," I.E., THE OPEC PRICE, AND WILL NOT CUT EXPORT TAXES IN AN EFFORT TO BECOME MORE COMPETITIVE IN THE U.S. MARKET. OTTAWA IS ALSO ESTABLISHING FACILITIES TO SHIP COAL FROM THE WESTERN PROVINCES TO THE EASTERN PORT OF THE COUNTRY IN AN EFFORT TO CUT BACK IMPORTS OF COAL FROM THE UNITED STATES.

ON THE INTERNATIONAL FRONT, PRIME MINISTER TRUDEAU HAS JUST ENTERED INTO AN AGREEMENT WITH THE FRENCH GOVERNMENT TO EXPAND CANADA'S ENERGY RESOURCES WITH FRENCH TECHNICAL ASSISTANCE. A STATED REASON FOR THE AGREEMENT IS "TO FIND A COUNTERBALANCE TO THE UNITED STATES." ALL IN ALL, THE CANADIANS SEEM TO HAVE A FULL-BLOWN EFFORT TO CUT THE UNITED STATES OUT OF THE CANADIAN ENERGY MARKET WELL UNDER WAY. MEXICO'S INITIAL FRENZIED REACTION AGAINST POSSIBLE YANKEE EXPLOITATION OF ITS NEW-FOUND OIL HAS BEGUN TO DIE DOWN. MEXICAN OFFICIALS CONTINUE TO STATE THAT U.S. SOURCES ARE EXAGGERATING THE SIZE OF THE NEW RESERVES. WHILE THE FULL SIZE OF MEXICAN RESERVES HAS NOT YET BEEN DETERMINED, THEY ARE CERTAINLY AS LARGE AS AND PROBABLY LARGER THAN THOSE OF VENEZUELA. IF MEXICAN EXPORTS INCREASE SUBSTANTIALLY, THEY WILL LIKELY DISPLACE VENEZUELAN OIL IN SOME AREAS OF THE U.S. MARKET.

THE WASHINGTON STAR-NEWS

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OSWALD JOHNSTON WRITES THAT THANKS PERHAPS TO DETENTE, U.S. TRAVEL AGENTS DOING BUSINESS WITH THE SOVIET UNION HAVE NEVER HAD IT SO GOOD: LESS RED TAPE, MORE EFFICIENCY, VIRTUALLY NONE OF THE MADDENING RIGIDITY THAT ONCE MADE TOURISM IN RUSSIA A CHORE. THE CREDIT, KNOWING MEN IN THE INDUSTRY AGREE, BELONGS TO A SAVVY NEW DIRECTOR OF THE NORTH AMERICAN BUREAU OF INTOURIST, THE GOVERNMENT TRAVEL AGENCY -- AN OFFICIAL WHO IN THE YEAR OR SO HE HAS BEEN IN CHARGE SEEMS TO HAVE UNUSUAL ABILITY TO MOVE THE LEGENDARY SOVIET BUREAUCRACY. JEREMIAH O'LEARY REPORTS THAT DECLARING YOUR TALKS WITH SOVIET LEADERS HAVE HAD A "VERY GOOD BEGINNING;" YESTERDAY THAT YOU SAID THE POSSIBILITY OF WAR BETWEEN THE U.S. AND RUSSIA HAVE BEEN REDUCED TO NEGLIGIBLE PROPORTIONS, AND THAT THE TENSIONS OF EARLIER PERIODS HAVE BEEN LARGELY STEMMED.

A STAR EDITORIAL STATES YOUR VISIT TO THE SOVIET UNION GOT OFF ON THE WRONG FOOT THE OTHER DAY WHEN ONE OF THE AMERICAN CORRESPONDENTS ACCOMPANYING YOU WAS FORCED TO LEAVE THE PARTY IN DENMARK WHEN THE MEN WHO RUN THE KREMLIN REFUSED TO GRANT HIM A VISA. THIS UGLY INCIDENT MERITS COMMENT ON SEVERAL COUNTS. SINCE TALBOTT WAS TRAVELING WITH YOU, THE REFUSAL TO GRANT A VISA -- WHICH IS THOUGHT TO BE UNPRECEDENTED -- AMOUNTS TO AN INDIRECT SLAP AT THE U.S. MOST DISTURBINGLY IT SHOWS -- DESPITE ALL THE SOOTHING NOISES ABOUT DETENTE -- THAT THE SOVIET LEOPARD HAS NOT CHANGED HIS SPOTS, THAT THE MEN IN THE KREMLIN, IF THEY HAVE THE FAINTEST NOTION OF WHAT FREEDOM OF EXPRESSION AND DEMOCRATIC INSTITUTIONS ARE ALL ABOUT, REMAIN UNALTERABLY OPPOSED TO THOSE PRINCIPLES THAT ALL CIVILIZED MEN HOLD DEAR.

A STAR EDITORIAL ON "RUMBLES FROM RABAT" STATES THAT THE ONLY PUBLIC SPEAKERS AT THE PRELIMINARY MEETING WAS THE PALESTINIAN DELEGATE. WHAT HE HAD TO SAY AMOUNTED TO A DOWN THE LINE ENDORSEMENT OF AN 11-POINT PROGRAM WORKED OUT BY THE PLO, THE UMBRELLA GROUP OF PALESTINIAN GUERRILLAS. HE STATED THAT SO FAR AS THE PLO IS CONCERNED, THE STEP-BY-STEP APPROACH TO A MIDDLE EASTERN PEACE SETTLEMENT ALONG THE LINES FAVORED BY YOU IS FIRMLY REJECTED. THE STAR FEELS ALL THIS IS BAD NEWS TO ANYONE CONCERNED WITH THE PROBLEM OF PREVENTING A NEW ROUND OF FIGHTING IN THE MIDDLE EAST. IT WILL ALSO HAVE THE EFFECT OF TORPEDOING HOPES FOR NEW DIPLOMATIC INITIATIVES.

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